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DDI-1091-70

20 April 1970

MEMORANDUM FOR: Deputy Director for Intelligence

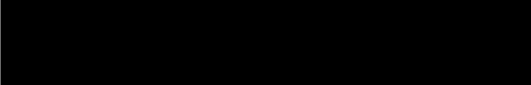
SUBJECT : Henry Ford Visit to Moscow

1. This memorandum is for your information. It summarizes what we now know about Premier Kosygin's approach to secure Ford "cooperation" in building a large-scale truck plant in the Soviet Union.
2. The plant in question is located at Naberezhnyye Chelny, which is on the Kama River about due east of Kazan. There have been reports of preliminary construction activities at the site. Soviet plans call for a facility to produce 150,000 large (8-11 ton) trucks a year. The cost of the facility will probably exceed the FIAT-Togliatti passenger car complex, which is put at \$1.25 billion, of which the foreign exchange component exceeded \$500 million.
3. The extent of Ford assistance requested is unknown. The Soviets have varied their feelers to other countries all the way from a turn-key project to only Western equipment assistance. There have been discussions with FIAT, who is not interested. Mercedes in West Germany, Berliot in France, and Leyland in the UK are all interested. The Japanese have also been consulted.
4. The USSR approached Robert McNamara in December 1968, when Kosygin stated they were interested in obtaining US technical assistance for Naberezhnyye Chelny. It was later discussed with Tex Thornton during his August 1969 visit. Chrysler Corporation was approached, but turned the deal down in February of this year on the grounds that it involved too much money (five year financing) and that it probably would not be approved by the State Department anyway.
5. Henry Ford is aware of the trade control problem. Under current licensing, the project would receive a turn-down. A political decision could be made to change

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the current rules, however. The basic problem is that some of the trucks would be destined for Soviet military forces, and others would be available in the civilian economy, to be drawn upon by the military in the event of crises, as happened in Czechoslovakia. The US is currently denying export licenses for a \$60 million foundry plant intended for the ZIL truck plant, and \$23 million in gear-cutting machinery requested for ZIL and two other Soviet truck plants.

6. We expect to learn more when Mr. Ford returns. He is scheduled to leave Moscow tomorrow and to be in the US later this week. We are pleased that our estimate was that the USSR wanted to talk trucks with Ford (see p. 12 of the accompanying OER report) and not passenger cars as widely believed in the press.

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EDWARD L. ALLEN  
Director  
Economic Research

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ORIGINAL DOCUMENT MISSING PAGE(S):

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